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LETTER DATED 18 JUNE 1996 FROM THE PERMANENT REPRESENTATIVE OF ITALY TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

I have the honour to enclose herewith the Chairman's conclusions of the Conference of the Peace Implementation Council, which was held at Florence on 13 and 14 June 1996.

I would be grateful if you could have the text of the present letter and its annex circulated as a document of the Security Council.

(Signed) F. Paolo FULCI
Ambassador
Permanent Representative

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Annex

Chairman's summary conclusions of the Conference of the Peace Implementation Council, Florence, 13-14 June 1996

The meeting of the Peace Implementation Council (PIC) in Florence on 13 and 14 June 1996 took place in the presence, for the first time at an international conference, of a complete delegation from Bosnia and Herzegovina, exemplifying the progress made since the last meeting in December 1995.

The Peace Implementation Council came to the following conclusions:

- It reviewed the considerable progress that had been made in the first six months of implementation. Everyday life was improving all the time at an accelerating rate for the vast majority of people of Bosnia and Herzegovina. This achievement, insufficiently recognized, was due in great part to the immense efforts made by the international bodies (the multinational implementation force (IFOR), the European Union (EU), the United Nations, the Organization for Security and Cooperation in Europe (OSCE), international financial institutions and others) and by the High Representative, Mr. Carl Bildt, to whom the Council gave its thanks and reiterated its full support. The Council noted that:

  - The country was at peace, the opposing forces separated and a background of secure conditions created;

  - The Arms Control Agreement signed at Vienna and Florence were important contributions to transparency of military holdings, control of heavy weapons, confidence-building and long-term regional stability;

  - Through the commissions set up under the Peace Agreement, the High Representative had promoted dialogue between the parties;

  - The parties had come to agreement on the rules and regulations for elections (including elections in Mostar on 30 June) and a multi-party political system was emerging in both entities;

  - Gradual progress was being made in strengthening the Federation;

  - The international community had pledged substantial funds for the first year of reconstruction and disbursement had begun;

  - There had been extensive rehabilitation at the local level.

- At the same time, the Council underlined that the parties were still erecting obstacles in the way of cooperation between themselves, with the international community and in the way of achieving a single, democratic and pluralistic Bosnia and Herzegovina.

- This situation was burdened by fear and mistrust and a continuing trend towards separation. This inhibited freedom of movement on the part of ordinary citizens especially across the Inter-Entity Boundary Line (IEBL). Progress made so far was thus not irreversible. Significant challenges remained.

- Accordingly, the members of the PIC made clear to the parties that a fundamental change in such negative attitudes was indispensable. In the area of human rights real efforts had to be made immediately to reach international standards.

- The Council made clear to the leadership of Republika Srpska that the continuation in public authority of Mr. Karadžić was unacceptable. Under the terms of the Peace Agreement, he should remove himself from the political scene.

- The requirement to cooperate with the International Tribunal for the former Yugoslavia, still substantially unfulfilled, is obligatory under international law and the Council strongly supported the demand of the President of the International Tribunal that all parties to the Agreement should rapidly meet their obligations to surrender indicted war criminals.

- The parties and the members of the PIC identified as integral to success the action points set out in the full conclusions of the Conference (see below). They highlighted the following:

Elections

- Under the Peace Agreement the parties agreed that elections should lay the foundation for the progressive achievement of democratic goals throughout Bosnia and Herzegovina. Elections are the basis for setting up all the institutions of the country which are an essential element in reversing the trend towards separation and giving the country a future. Accordingly, the Council attaches great importance to the elections taking place according to the timetable of the Peace Agreement.

- The Council expressed its strong support for the determination of OSCE to ensure that under its supervision and with the help of IFOR, effective conditions existed for the holding of elections on time. They did not consider that postponement would help and risked prejudicing the institutional process. The Council noted that the occurrence of free and fair elections would result in the termination of sanctions.

- In the light of the statement made by the Head of the OSCE Mission in Bosnia and Herzegovina, the Council recommended to the Chairman-in-Office of OSCE, Mr. Cotti, that elections take place on 14 September in accordance with the timetable of the Peace Agreement. Mr. Cotti indicated his intention to convene the Permanent Council of OSCE

before the end of the month for discussion before taking a decision on certification.

- In line with democratic standards and in accordance with the agreed measures announced in Geneva on 2 June, the Council called on the parties to allow opposition parties access to public media, grant the necessary licences to independent media and refrain from negative propaganda perpetuating the division of the country.

- The Council agreed on the urgency of starting preparatory work for the installation of the most important institutions - the Presidency, the Council of Ministers, the Houses of Parliament and the Central Bank - and called on the parties to cooperate in this with the High Representative.

Refugees and displaced persons

- The Council reminded the parties that they themselves had insisted in the Peace Agreement on the right of return to their homes of refugees abroad and displaced persons. In view of this, the Council warned them that it was unacceptable to continue to put obstructions in the way of those who wished to return and to harass individuals who attempted to visit their properties.

- Members of the Council agreed that temporary protection of refugees should not be lifted for as long as it was genuinely needed but that they expected them to return home as soon as possible to make their badly needed contribution to the reconstruction of their country. To accelerate the rate of return, local authorities in Bosnia and Herzegovina should adopt policies designed to make them feel secure and welcome and further thought must be given on how this can be encouraged.

Human rights

- The Council deplored the reports of continuing and frequent violations of human rights throughout Bosnia and Herzegovina.

- In particular, policies such as the continued unwillingness to determine the fate of missing persons and the arrest and detention without charge of individuals crossing the IEBL were incompatible with international standards, damaged confidence and freedom of movement, and should cease forthwith. All parties should adopt and implement amnesty laws meeting the requirements of the international community.

Brčko

- The Council welcomed the fact that both the Federation and the Republika Srpska had appointed arbitrators. They requested the arbitrators to agree on the third arbitrator as soon as possible. The Council attached great importance to their work being completed well

before the deadline of 14 December and called for the earliest possible start.

Economic reconstruction

- The Council drew attention to the fundamental importance of a strong economic reconstruction programme. They drew attention to the considerable effort made by the international community in pledging US$ 1.8 billion for the first year's needs within the framework of the Priority Reconstruction Programme.

- The Council urged all authorities of Bosnia and Herzegovina to adopt policies and administrative practices which would accelerate the reconstruction work of the international agencies and donor Governments. Attention should be paid to the immediate needs of the population.

- Reconstruction will be a medium-term process. Council members undertook to ensure good donor coordination in line with the Priority Reconstruction Programme and accelerate to the extent possible disbursements of funds.

Conditionality

- The Council noted that the international community had made a huge investment in the future of Bosnia and Herzegovina and that it intended to continue to remain involved. Assistance would be given to both entities in the light of their needs and on a fair basis but not unconditionally. The Council intended to continue the existing policy of withholding economic assistance in cases of non-compliance and violation of obligations. In the forthcoming period there would be particular focus on improvement in the human rights situation.

Sanctions

- The Council saw sanctions as a measure to which resort should be had only if other ways of achieving the main goals of the Peace Agreement had failed. This was not the case at present. The Council agreed that reimposition would nevertheless occur if in the judgement in their respective spheres of the High Representative or COMIFOR, circumstances arose which made this unavoidable and either of them so informed the United Nations Security Council. In any event, the Security Council is in a position to take action on sanctions.

Next meeting

The Council agreed to meet before the end of 1996 at a place and on a date to be decided.

Chairman's conclusions of the Peace Implementation Council, Florence, 13-14 June 1996

1. In Florence on 13 and 14 June 1996, under the chairmanship of the Italian Foreign Minister, Mr. Lamberto Dini, the Peace Implementation Council (PIC) conducted a mid-term review of progress in implementation of the Peace Agreement for Bosnia and Herzegovina, in accordance with its decision taken at its meetin in London on 8 and 9 December 1995. Bosnia and Herzegovina was represented by the Government of Bosnia and Herzegovina and the Governments of the two entities, the Federation of Bosnia and Herzegovina and Republika Srpska. The Foreign Ministers of the Federal Republic of Yugoslavia and of the Republic of Croatia were also present. The Council has decided that it will meet again before the end of the year in the presence of the newly elected Presidency of Bosnia and Herzegovina. The conclusions of the Chairman expressing the sense of the meeting are as follows:

2. The Council has heard reports from the High Representative, Mr. Carl Bildt, from the Deputy Secretary-General of the North Atlantic Treaty Organization (NATO), the military commanders, from the Special Representative of the Secretary-General of the United Nations and from the heads of other international agencies centrally involved in implementation of the Peace Agreement. Members of the Council express their gratitude for the hard work under difficult circumstances of all of those involved in implementing the Peace Agreement and notes with particular appreciation the energetic way in which the High Representative and his team have executed the task of overall monitoring and coordination. They express their continuing strong support.

3. The Council notes that in the coming period, civilian implementation will involve a wide range of tasks in which the High Representative will be called upon to play a central role. The council will provide him with the necessary resources. The parties must cooperate closely with him. The Council and the representatives of the parties reaffirm their determination to bring about a unified, stable, democratic and prosperous country. They agree that since their last meeting real progress has been made towards these objectives but that there is still much to be done.

4. As a result of the peace process, Bosnia and Herzegovina has now enjoyed the longest period of uninterrupted peace since the beginning of conflict in the country in April 1992. Opposing forces are now separated and demobilization has begun. The bodies called for under the implementation annexes of the Bosnia and Herzegovina Framework Agreement, notably the Joint Interim Commission, the Joint Civilian Commissions and the Joint Military Commissions, are functioning. Economic activity is reviving and a return to normal life is gradually coming about. These are real achievements and the ground has been laid for major progress. But the Council considers that the pace of recovery and normalization is not fast enough. Acceleration will be needed for the continuing tasks to succeed - including the return of refugees and displaced persons, the holding of free and fair elections, getting the economy moving and new political institutions of the country functioning.

5. The parties have complied overall with their military commitments, but on the civilian side there have been serious shortcomings, the most important of which are noted below. The spirit of willing cooperation on the part of the parties, with each other and with the international community, which is indispensable if the effects of the war are to be overcome, is still lacking and must be strengthened. Fear and tendencies towards separation persist. These factors inhibit ordinary people from having the confidence to take advantage of secure conditions to associate freely and peaceably. It also hinders the international community in its efforts to help the people of Bosnia and Herzegovina, who are the real losers. Improving this situation is urgent.

6. The Peace Implementation Council and the parties consider the Peace Agreement and the obligations incurred under it to be an integral whole. There can be no derogation nor any partial nor conditional compliance. The Council makes clear that receipt of political and economic benefits and fulfilment of obligations under the Peace Agreement by the parties are linked. As regards sanctions, the Council notes that if circumstances arise which make this necessary, they will be reimposed in accordance with Security Council resolution 1022 (1996). The High Representative and COMIFOR will, in their respective spheres, monitor the situation and, as necessary, inform the Security Council. In any event, the Security Council is in a position to take action on sanctions.

7. The Council considers it essential to adhere strictly to the implementation timetable laid down in the Peace Agreement. It will not permit delaying tactics which put at risk its central objectives and which undermine confidence in it and commitment to it. It wants to inject as much certainty as possible into forward planning so that all concerned know what is expected of them and when.

8. The election is a turning-point for Bosnia and Herzegovina and opens the door to the establishment of democratic institutions. The Council calls upon the leaders of the country to conduct the election campaign in a constructive spirit, refraining from expressions of nationalism and of ethnic division. Conditions must be created which enable them to take place on time in the right conditions. Unless this happens it will not be possible to bring into existence on the timetable called for in the Peace Agreement the new institutions for Bosnia and Herzegovina. Successful free and fair elections will also see sanctions lifted.

Restoring peace

9. The Council has reviewed the progress to date of implementation of the military aspects of the Peace Agreement. It notes that important objectives have been achieved. The parties:

- Have complied with the provisions pursuant to the Cessation of Hostilities Agreements;

- Have withdrawn forces fully from the agreed zones of separation (ZOS) and are withdrawing to barracks and cantonments;

- Have made progress in adjusting the Inter-Entity Boundary Line (IEBL);

- Are cooperating with the multinational implementation force (IFOR) in the cantonment of forces and heavy weapons or their demobilization;

- Have complied with the Peace Agreement provisions concerning the withdrawal of foreign forces in Bosnia and Herzegovina;

- Are cooperating generally with removal of physical obstacles to freedom of movement, notably checkpoints.

10. The Council notes that these achievements provide the basis for long-term peace and stability in Bosnia and Herzegovina. They call on the parties to make this situation irreversible by:

- Maintaining full cooperation with IFOR and OSCE in achieving their obligations under the military annexes of the Peace Agreement;

- Finalizing the delineation of the IEBL;

- Maintaining total removal of foreign forces from the soil of Bosnia and Herzegovina;

- Facilitating inspection of military holdings for subregional arms control measures;

- Cooperating with IFOR in the cantonment of their forces and heavy weapons;

- Clearing and removing mines in cooperation with the Mine Action Centre.

Removal of mines will be a continuing task for the foreseeable future.

Return of the population of Bosnia and Herzegovina

11. The right of return home of people who have been either displaced or have fled the country is a basic principle of the Peace Agreement which cannot be abridged.

12. The Council has heard reports from the United Nations High Commissioner for Refugees, who also submitted a written report, and from the European Commissioner for Humanitarian Affairs responsible for the European Community Humanitarian Office (ECHO). The Council thanks the United Nations for its effective contribution. It endorses the plans of the Office of the United Nations High Commissioner for Refugees (UNHCR) as a good basis for repatriation and reintegration of refugees. It regrets that the UNHCR benchmarks for lifting temporary protection, notably the existence of freedom of movement without fear or harassment, have still not been met by the parties and urges them to do so. It notes that so far, not many displaced persons or refugees have yet either returned home or been able to visit their property.

13. The creation of conditions for free and safe return, permitting the lifting of temporary protection, is now an urgent matter affecting the future political

and economical viability of the country. The Council welcomes the planning undertaken by UNHCR, the International Organization for Migration (IOM), and the International Police Task Force (IPTF) with help from IFOR to bring this about. It calls on the parties to cooperate and to welcome returnees. It welcomes the bilateral and multilateral activities of host and transit countries aimed at the creation of favourable conditions and close cooperation for the return of refugees. At the same time, the Council reiterates the obligation of States under international law to take back their own nationals. There must be urgent action on the following points:

- Rehabilitation of housing and other basic infrastructure, coordinating as far as possible with economic reconstruction aid;

- Removal of legal and administration obstacles to the return of refugees and displaced persons;

- Cooperation by the parties under the UNHCR guidelines for visits by refugees and displaced persons to their localities ("assessment visits");

- Cooperation by the parties with UNHCR bus services across the IEBL.

14. The Council asks Governments to support UNHCR by:

- Providing detailed data on refugees and people receiving temporary protection living in their country;

- Facilitating journeys and transit by refugees to and from Bosnia and Herzegovina by taking measures similar to those already agreed by several Governments in Bonn on 29 May;

- Disseminating urgently to refugees information on repatriation procedures (notably the UNHCR repatriation information reports) and making procedures as easy and as helpful as possible;

- Reassuring the refugees that voting in the elections in no way alters their current status;

- Contributing to the United Nations appeal for humanitarian assistance and notably to their emergency shelter programme to provide basic housing rehabilitation materials to individuals repairing houses.

15. The Council calls upon:

- The Commission on Real Property Claims for Refugees and Displaced Persons now established in Sarajevo with the assistance of the International Organization for Migration (IOM), to proceed urgently with its task of registration so as to provide property owners with the assurance that their rights will be preserved;

- Local authorities to cooperate with the Commission;

- The parties to repeal or appropriately amend property laws which are inconsistent with the right, as set out in the Peace Agreement, of return and to their property.

Sarajevo

16. The Council stresses the importance of Sarajevo as the capital of Bosnia and Herzegovina and of supporting its multicultural and multi-ethnic heritage. The Council regrets profoundly the departure from Sarajevo of the bulk of its long-standing Serb inhabitants and notes with deep concern the reports of continuing harassment and intimidation. It welcomes the agreements recently reached in the Joint Civilian Commission for Sarajevo (JCCS) to enable those willing to return to the city to do so and requires by 1 July implementation of agreed measures concerning preservation of property rights, freedom of access and continuity of the educational system and participation in public life. The Council welcomes the inclusion of local Serbs in the Ilidza Municipal Council and calls for similar steps in other municipalities.

17. The Council stresses the importance of the work being done in the JCCS for the rehabilitation of the city, which will encourage those who fled to return, and praises the recent efforts of the local authorities and the international community. Much still remains to be done. It calls for early agreement on the administrative status of Sarajevo in a form which will enable the inhabitants to identify themselves as Sarajevans, and for the reopening, as soon as possible of Sarajevo airport to civilian traffic, as a major step towards the return of normal life and commercial activity.

Holding of elections

18. Democratic elections are the foundation of representative institutions in Bosnia and Herzegovina.

19. The Council has heard reports from the Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE), the head of the OSCE Mission in Bosnia and Herzegovina, and Chairman of the Provisional Elections Commission (PEC), and the High Representative. It thanks the head of the OSCE Mission and the team under him, as well as the High Representative for the immense effort they have and continue to put into the complex task of supervision of elections. In the light of the statement made by the head of the OSCE Mission, which the Council welcomed, it recommends to the Chairman-in-Office of OSCE that elections shall take place on 14 September in accordance with the timetable of the Peace Agreement.

20. The Council has discussed with the Chairman-in-Office of OSCE the extent of observance of the democratization criteria. It agrees that considerable progress has been made but that, before polling day, it expects and will work for additional improvement in realizing freedom of movement between and within entities and freedom of expression. The Council therefore agrees that the Chairman-in-Office of OSCE, in conjunction with the High Representative, should keep progress under review to be able to give his decision on certification after discussion in the OSCE Permanent Council.

21. The Council fully endorses the electoral rules and regulations adopted by the PEC.

22. As regards freedom of expression, the Council underlines the paramount importance of the role of the media. Unimpeded work of journalists in all parts of Bosnia and Herzegovina will be crucial for elections. The Council requests the parties to implement fully the agreed measures announced in Geneva on 2 June and in particular:

- Draws attention to the relevant rules and regulations concerning media agreed by the Provisional Election Commission;

- Urges the parties to guarantee equitable access by candidates and political parties to the State media;

- Calls upon members of the international community which have not yet done so to provide financial support for media development;

- Welcomes the establishment of a new, independent radio network in Bosnia and Herzegovina;

- Endorses the proposal for the development of a network composed of independent television stations;

- Calls upon the parties to grant the frequencies and licences necessary to enable the network to be set up immediately.

23. In order to promote free and fair elections, the Council calls upon political parties and candidates:

- To participate fully on the basis of PEC rules and regulations;

- To campaign constructively, refraining from hostile and negative propaganda;

- To encourage a high voter turnout.

It condemns talk of boycott, which would cast grave doubt on the commitment of the parties to the future of their own country.

24. Council members undertake to support the arrangements being made by OSCE, with the help of IFOR, to supervise the elections, in particular by providing the necessary supervisors and observers. The Council stresses the urgency of Governments completing the practical arrangements that they are providing to ensure that all refugees are enabled to exercise their franchise. This is needed without delay so that refugee registration can begin by 20 June. The Council, while recalling that the financing of the Local Election Commissions is the responsibility of the Federation and the Republika Srpska, also supports the request for urgent financial assistance from the international community to enable these Commissions to perform their tasks quickly and efficiently. The Council notes the French proposal to consider a two-year period of stabilization and asks the Steering Board to examine it.

The Federation

25. The Council emphasizes the significance of the Federation in Bosnia and Herzegovina. Its strengthening is vital to stability.

26. The Council notes that elections in Mostar will take place on 30 June on a basis agreed by the European Union Administrator with the authorities of the city. The Council also notes the possibility for the European Union, if the outcome of the elections provides a satisfactory basis, to extend its presence and then integrate the city into the implementation structures of the Peace Agreement. It welcomes the agreement of 25 May and stresses the need for the parties to fully comply with it.

Implementing the Constitution

27. The creation and functioning of the new institutions of Bosnia and Herzegovina following the elections constitute the culmination of the Peace Agreement. They constitute, in effect, the democratic birth of the country. In their absence long-term stability in Bosnia and Herzegovina will be very difficult to achieve. Thus, the phase of implementation starting in September through to December and beyond will be exceptionally important. Active preparation is needed now.

28. The Council has been briefed by the High Representative on the complex political and constitutional process that must be put in train after the elections in order for the legislative and executive institutions to come into being in the two entities and in Bosnia and Herzegovina as a whole. It thanked him for the work he has accomplished in chairing the Joint Interim Commission and gave him full support for this continuing task. It welcomes the fact that amendments are being made to existing entity constitutions of the Federation and Republika Srpska to bring them into conformity with the Constitution of Bosnia and Herzegovina. The High Representative is asked to review these amendments and the parties are expected to make any further changes that may be necessary.

29. The Council calls on parties to ensure the prompt functioning of the institutions to function promptly after the elections. The Council agrees that the necessary preparatory work will be addressed in the framework of the Joint Interim Commission and asks the parties to cooperate closely with the High Representative in order to ensure the early establishment of institutions. Inter alia, the parties will have to convene the Presidency of Bosnia and Herzegovina, select the delegates to the House of Peoples of Bosnia and Herzegovina, convene a Parliamentary Assembly of Bosnia and Herzegovina and adopt internal rules of procedure. As the key institution directly elected by the peoples of Bosnia and Herzegovina which is empowered to represent Bosnia and Herzegovina in international life, the Council draws attention to the extreme importance of the parties convening the Presidency no later than five days after the result of their election is declared and to appointing their Chair at that time.

Human rights and humanitarian issues

30. Justice and respect for human rights in Bosnia and Herzegovina are prerequisites for lasting peace and reconciliation and are bound to affect continued international support for reconstruction. The willingness of the parties to fulfil their commitments under the Peace Agreement, including the observance of the highest standards of human rights, and the readiness of the international community to commit financial resources for development of a civil society and for economic reconstruction are related.

31. The Council had before it a report on the state of human rights in Bosnia and Herzegovina from the Office of the High Representative. It has heard a statement from the Special Representative of the Secretary-General of the United Nations, the President of the International Tribunal for the former Yugoslavia and the heads of other relevant agencies.

32. The Council has discussed the human rights situation in Bosnia and Herzegovina. Although some progress has been made since the signature of the Peace Agreement, the parties have not yet taken adequate steps to protect and respect the rights and freedoms set forth in the European Convention on Human Rights and its Protocols, to which they have bound themselves. The Council is troubled by the parties' failure so far to take the next steps basic to the peace process and to reconciliation, including the adoption of amnesty laws meeting international standards, bringing property legislation into conformity with the right of return, as well as permitting freedom of movement. They must act urgently.

33. The Council welcomes the establishment of the Human Rights Commission, which according to the Peace Agreement includes the Human Rights Chamber and an Ombudsperson for Human Rights. The Council commends the work done by the Ombudsperson in handling complaints and urges the Human Rights Chamber to begin hearing cases.

34. The Council expresses particular concern over reports that authorities in both entities have contributed to ethnic division directly by committing, inciting or sanctioning human rights violations and implicitly by failing to act in the face of harassment and intimidation. In order to reverse the trend towards ethnic separation, the parties must work actively to create conditions conducive to the return of refugees and displaced persons to their homes and to ensure that vulnerable people, including those with opposing political views, are able to return and live in safety. Religious leaders of all faiths should exercise their influence to encourage the development of civil society. The Council calls on the parties to cooperate closely with IPTF, and in particular on political authorities to reduce the excessive numbers of police personnel and to establish, with the support and guidance of IPTF, training and education courses in order to ensure that policing practices are consistent with international human rights standards.

35. The Council commends the work of the human rights implementing organizations, especially OSCE, the United Nations High Commissioner for Human Rights, the International Committee of the Red Cross (ICRC), IPTF and the European Community Monitoring Mission, and expresses support for their continued

cooperation with the Office of the High Representative through the Human Rights Coordination Centre. It calls on the parties to cooperate with those agencies. In reviewing their work, the Council has identified the need for urgent action in the following areas:

- Cessation of the practice of arrest of individuals and the conditioning of their release on the release by the other party of other detainees;

- Immediate steps, including public statements and instructions to local authorities, to make clear that harassment and intimidation of vulnerable population groups, including those persons who hold opposing political views, will not be tolerated;

- Enhanced cooperation with ICRC to identify and register remaining persons detained in relation to the conflict, and the immediate subsequent release of such individuals;

- Implementation of a process of review of cross-IEBL arrests to determine according to international standards whether there is sufficient evidence to warrant detention;

- Adoption by the Federation and Republika Srpska of amnesty legislation meeting the requirements of the international community;

- Development of procedures to identify and take action against officials directly or tacitly involved in violations of international human rights standards, including those who block freedom of movement.

36. The Council also stresses that determining the fate of the thousands who remain unaccounted for following the tragic conflict in Bosnia and Herzegovina is a cornerstone of the effort to build a lasting peace. To that end, the Council calls upon the parties to accelerate and intensify their efforts to cooperate with efforts of members of the ICRC Working Group on the Unaccounted For to resolve these cases. The Council believes that, in keeping with the priority given to determine the fate of the missing, exhumations for the purpose of identifying remains should occur only after other means of investigation have been unsuccessful or in cases where no other satisfactory method is available. In all cases, exhumation should be performed in accordance with internationally recognized standards and under the supervision of international experts.

War crimes

37. While the parties' compliance with their obligations with respect to war crimes and cooperation with the International Tribunal for the former Yugoslavia has improved somewhat, the record is incomplete and inadequate. To date, only the authorities of Bosnia and Herzegovina have complied by arresting individuals indicted for war crimes by the International Tribunal.

38. The Council notes that in Republika Srpska action has begun to remove Mr. Karadžić from exercise of authority. Under the terms of the Peace

Agreement, continuation is unacceptable and there can be no exception from the obligation to surrender such persons to the International Tribunal for trial.

39. The Council also calls on the parties to implement expeditiously the "Rules of the Road" agreed in Rome on 18 February. Consistent with these rules the parties should:

- Submit immediately to the International Tribunal for the former Yugoslavia for review lists of people suspected of having committed violations of international humanitarian law with the supporting evidence;

- Submit immediately to the International Tribunal case files on those arrested in contravention of the "Rules of the Road" on suspicion of war crimes;

- Release immediately all persons arrested on suspicion of war crimes for whom files have not been sent to the Tribunal or in relation to whom the Tribunal determines that the evidence presented is insufficient to warrant further detention.

Reconstructing the economy of Bosnia and Herzegovina

40. Reconstruction and economic recovery are crucial to the restoration of peace and stability in Bosnia and Herzegovina.

41. A $5.1 billion priority reconstruction programme has been prepared by the European Commission, the European Bank for Reconstruction and Development (EBRD) and the World Bank and endorsed by Bosnia and Herzegovina and pledges of financial support totalling $1.8 billion have been obtained through two donor conferences held at Brussels to meet the reconstruction needs of the country in the first year. Disbursement has begun. Bosnia and Herzegovina has become a member of the International Monetary Fund (IMF), the World Bank and the EBRD and a beneficiary of the EU PHARE programme.

42. The Council has heard statements from the Commission for External Relations of the European Commission and from the Managing Director of the World Bank. A joint report of the European Commission and the World Bank has been presented to the Council on progress to date in the reconstruction. The Council commends the work done by the international financial institutions and the European Commission and expresses its appreciation for the contribution made by IFOR to economic rehabilitation.

43. The economic reconstruction of the country is in its early stages. The opportunity for progress bringing employment, including to demobilized soldiers, and a progressive return to normal life, is now available. The rapid disbursement of funds pledged so far is a top priority. The speed of action in the second part of 1996 depends to a large extent on the cooperation shown by the parties themselves and their willingness to bring about the political and administrative conditions in which project implementation can take place rapidly. The Council regrets that Republika Srpska did not attend the Brussels Donors Conference, thereby losing a major opportunity. It welcomes their

presence in Florence and reiterates the importance it attaches to reintegrating the economy of Bosnia and Herzegovina by linking the economies of the two entities, assisting them both according to their needs on a fair basis provided they comply with their obligations under the Peace Agreement.

44. The Council had before it a report from the Special Representative of the Secretary-General of the United Nations on the functioning of the Mine Action Centre in Sarajevo. The Council notes the major importance of mine clearance for economic reconstruction and resettlement of the population and the urgency of getting a large-scale programme under way. The Council supports an acceleration of the work of the Centre. It draws attention to the responsibility of the parties to undertake de-mining and to provide personnel for this.

45. Priorities are the revival of economic activity and the creation of jobs. Of crucial importance in this respect is the restoration of public utilities: electric power, water, gas, functioning communications, transport and telecommunications. The international community is also willing to assist the people of Bosnia and Herzegovina to return to normal life and to make the psychological transition to the pursuit of economic well-being instead of war by helping with such things as the reopening of schools and hospitals and other day-to-day facilities.

46. During the next six months, the Council notes that complementary action in Bosnia and Herzegovina and in the international donor community is indispensable.

47. Within Bosnia and Herzegovina there must be:

- Domestic policies and leadership which facilitate rapid implementation and promote a stable economic environment and sustainable growth;

- No further delays in establishing and strengthening key economic institutions both within and between the entities, since these would seriously delay economic recovery, reintegration and the implementation of reconstruction projects.

48. The Council is encouraged by the fact that, following the Sarajevo Agreement of 30 March, a Federation Customs Agency has been established as a first step towards a unified customs administration. Internal checkpoints have been removed and an International Customs Observer Mission has been deployed. The Council had before it a report from the Customs and Fiscal Assistance Office concerning the assistance given to set up an efficient finance administration. In order to bring about free movement of goods and the harmonization of the legal and institutional framework for economic policy, the Council also calls for the urgent initiation between the entities of institutional cooperation in areas of common interest, beginning with operational links between their payments systems, removal of customs checkpoints between them and cooperation on customs administration.

49. The Council notes the report from the International Monetary Fund on implementation of macroeconomic and structural policies in Bosnia and

Herzegovina. It is concerned that little progress had been made so far by the parties in agreeing on the modalities and the timetable for establishing the new Central Bank and common currency. In their own interest, the Council urges them to cooperate fully with IMF in accelerating agreement on issues still unresolved.

50. The Council stresses the importance of the early adoption of laws and regulations encouraging private investment, inter alia, in the fields of ownership and sale of property, contracts, bankruptcy and labour relations to form the basis of a market economy. The parties should also encourage the return on a voluntary basis of qualified and skilled people to take key positions in the public and private sector. IOM is willing to assist in this important task. The Council appeals to the international business community to consider early business engagements in Bosnia and Herzegovina, thus making a contribution to job creation.

51. Among international donors, there must be:

- Continued strong and concerted support for the priority reconstruction programme with timely financing on flexible terms;

- Strengthened continuing coordination, in order to avoid possible fragmentation and focusing support on projects contained in the priority reconstruction programme;

- Active support by donors for the work in the field of the coordinating task forces;

- Urgent allocation of the 25 per cent of donors' pledges for 1996 which have yet to be committed to enable rapid disbursement on the ground;

- The closure as a matter of urgency of funding gaps, which are especially serious for some major infrastructure projects, notably power, transport and telecommunications;

- Assistance given in the form of grants as far as possible;

- Continuing commitment to the totality of the priority reconstruction programme.

52. The Council requests:

- The Steering Board to monitor closely the extent of compliance and cooperation of authorities in Bosnia and Herzegovina with their obligations under the Peace Treaty;

- The High Representative to report to the Steering Board on any reconstruction projects or measures he considers necessary to ensure proper balance between compliance and the receipt of reconstruction assistance.

The regional dimension

53. The stability of Bosnia and Herzegovina is linked to the stability of the region. The Council agrees on the importance of ensuring long-term stability and security within Bosnia and Herzegovina as an important contribution to stability of the region as a whole. It agrees that political stability has a number of components: arms control and confidence-building, democratic institutions and the protection of minority rights, and economic progress.

54. The Council welcomes the implementation of the Vienna Agreement on Confidence and Security-Building Measures signed on 26 January 1996 under the chairmanship of the Personal Representative of the Chairman-in-Office of OSCE. The Council notes the progress accomplished and calls upon the parties to maintain full cooperation.

55. The Council congratulates Ambassador Eide on the successful negotiations on subregional arms control which have concluded with the signature in Florence on 14 June of an Agreement. It calls on the parties to take the necessary steps to implement this Agreement, which would facilitate the opening of the next round of negotiations on regional arms control. The Council will review issues relating to regional stabilization at its next meeting.

56. The Council notes that since the meeting in London on 8 and 9 December there has been some progress on normalization of relations between countries of the region. Recognition and establishment of diplomatic relations between Skopje and Belgrade has been a contribution to stability, as has the progress registered in relations between the Federal Republic of Yugoslavia and Croatia, which should lead to the establishment of full bilateral relations. They urge Bosnia and Herzegovina and the Federal Republic of Yugoslavia to strengthen their relations following the start made at the meeting in Rome on 18 February.

57. The Council has heard the report of the High Representative on his work on regional issues. The action plans on minorities and State succession constitute a good basis for further work.

58. The Council recalls all countries concerned with respect to the mandate of the Regional Issues Working Group to continue the efforts to resolve ethnic questions in the former Yugoslavia. Thus, the Council urges both the participating countries in the peace process, Croatia and the Federal Republic of Yugoslavia, as well as the former Yugoslav Republic of Macedonia, to continue to cooperate fully in the search for solutions of outstanding problems. With reference to Kosovo, the Council calls upon both the Government of the Federal Republic of Yugoslavia and the representatives of the Albanian community of Kosovo to embark, with the support of the Working Group on Human Rights and National Minorities, on a dialogue aimed at the peaceful settlement of existing problems based on a status of autonomy.

59. The Council notes that the High Representative has initiated work on succession issues and had appointed a Special Negotiator for this task. He has embarked on consultations with the Governments concerned with the intention of presenting his recommendations before the end of the year.

60. The Council urges all those concerned to cooperate fully and in good faith in the search for solutions of outstanding problems. The Council looks forward to significant progress being made between now and the end of the year on these issues and asks the High Representative to report at the next meeting with recommendations on the results of his efforts and the cooperation received.

61. The Council hopes that, alongside arms control, various initiatives fostering regional cooperation would be developed including the Stability Process under the terms of the Royaumont Declaration of 12 December 1995, the Balkan Conference initiated by the Bulgarian Government on regional stability, security and cooperation in South-eastern Europe and the South-East Europe Cooperation Initiative of the Government of the United States of America.

62. The Council has heard a report from the Presidency of the European Union concerning the Union's regional approach. The Union intends, on the basis of its political guidelines, to establish strong relations with all States of the former Yugoslavia, thereby encouraging cooperation between them, as a major contribution to stability and prosperity in the region.

Eastern Slavonia

63. The Council has heard a report from the United Nations Transitional Administrator of the region of Eastern Slavonia. Since the establishment of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) on 15 January 1996, valuable initial progress has been made towards the goal of peaceful reintegration of the region into the whole of the Republic of Croatia. Demilitarization is currently taking place and is expected to be completed by 20 June. The Council notes the Transitional Administrator's emphasis on the need for international financial support to assist in the revitalization of the economy of the region.

64. The Council stresses that the Basic Agreement of 12 November 1995 must be implemented by both parties in ways that will retain the multi-ethnic character of the region, enable all refugees and displaced persons to enjoy the right to return freely to their homes and live there in conditions of security, and promote respect for the highest standards of human rights and fundamental freedoms. The Council welcomes the establishment of an OSCE mission in Croatia and calls upon the Republic of Croatia to reconsider as soon as possible the amnesty law to make it comprehensive and stresses the importance of such a measure for maintaining public confidence and stability as well as for facilitating the return home, at an accelerated rate, of Krajina Serbs.

Brčko arbitration

65. The Council agrees on the importance and urgency of the international arbitration of the issues connected with Brčko.

66. It welcomes the appointment of Dr. Sadiković and Dr. Popović as the arbitrators respectively for the Federation of Bosnia and Herzegovina and Republika Srpska on the Brčko Arbitration Tribunal provided under the terms of the Peace Agreement. The Council requests the arbitrators to agree on a third arbitrator as soon as possible. It attaches great importance to their work

being completed well before the deadline of 14 December and it calls for the earliest possible start.

Conclusion

67. The Chairman concluded that the implementation agenda between this meeting of the Council and the next was important and weighty. In the name of the Council, he called upon the parties to work all-out for genuine fulfilment of all provisions of the Peace Agreement and the international community to assist them in this to ensure complete success.